

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN DAVE LEWIS**, on March 10, 2003 at 8:00 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Lewis, Chairman (R)  
Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)  
Rep. Edith Clark, Vice Chairman (R)  
Rep. John Brueggeman (R)  
Rep. Tim Callahan (D)  
Rep. Stanley (Stan) Fisher (R)  
Rep. Eve Franklin (D)  
Rep. Dick Haines (R)  
Rep. Donald L. Hedges (R)  
Rep. Joey Jayne (D)  
Rep. Carol C. Juneau (D)  
Rep. Dave Kasten (R)  
Rep. Christine Kaufmann (D)  
Rep. Monica Lindeen (D)  
Rep. John Musgrove (D)  
Rep. Jeff Pattison (R)  
Rep. Rick Ripley (R)  
Rep. John Sinrud (R)  
Rep. John Witt (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Jon Moe, Legislative Branch  
Mary Lou Schmitz, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 2, 2/25/2003  
Executive Action: None

**HEARING ON HB 2 - DAY 2**

**Sponsor:** REP. DAVE LEWIS, HD 55, Helena

**Section D**  
**Corrections and Public Safety**

**Crime Control Division**

**REP. STAN FISHER, Subcommittee Chairman,** opened Section D with the Crime Control Division, Page D-1 of the Narrative, Exhibit 1, 3-7-03. The Montana Board of Crime Control was established to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice systems. The Crime Control Division operates under the general supervision of the Montana Board of Crime Control. The Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The Crime Control Division administers federal anti-drug and anti-crime grants, certifies peace officers and others in the criminal justice system, and provides funding for juvenile justice programs. In addition, the division collects and analyzes crime data from Montana law enforcement agencies and publishes the annual "Crime in Montana" report.

The legislature appropriated the amounts requested in the Executive Budget, but allowed the division to determine how an unspecified reduction of \$336,000 General Fund for the biennium would be handled. The division allocated the reduction to the juvenile detention grants. In addition, the legislature approved a further biennial reduction of \$84,000 to the juvenile detention grants. Overall, the division allocated \$95,298 less funding to personal services and grants than in the Executive Budget and allocated \$95,298 more to operating expenses.

**Jim Oppedahl, Executive Director, Montana Board of Crime Control,** said they had a good hearing in the subcommittee and will have a couple of technical amendments to offer.

The grants are biennial because the appropriations from the federal government go for a three-year period but there can be extensions. At some point he would like to discuss this with the committee. He will be available for questions.

**REP. CALLAHAN,** referring Mr. Oppedahl to the cuts that have been made in subcommittee, mostly to juvenile detention, asked what the impacts are. **Mr. Oppedahl** said, "The reductions that were taken in subcommittee were based on FY 2000, because during the last session, five FTE were transferred, as was \$1 million in

funds, out of the Board for the Crime Victims' Compensation Program into the Attorney General's Office. They worked on the FY 2003 base and that base was reduced in the Governor's reductions during the special session to reflect about a 16% cut in the General Fund appropriation for juvenile detention reimbursements around the state. Prior to this session, they had about \$1.1 million of General Fund subsidies for those juvenile detention centers. The majority of cuts are within that area.

There are reductions in Personal and Operating Services within the Board, but the vast majority comes from juvenile detention programs.

The resources within the Board reimburses expenses in the juvenile detention centers. Currently, the law allows up to 50% reimbursement, but they reimburse in the range of 40% because that is all the resources they have in the General Fund. This probably takes it to about 35%, so those reductions will be in the areas that have juvenile detention centers: Kalispell, Great Falls, Billings and Havre.

**REP. JUNEAU** referred Mr. Oppedahl to the cuts, particularly to the juvenile issues. "Are we going to see more of our juveniles placed in Pine Hills and Riverside?" she asked. **Mr. Oppedahl** said the money that the Board has is for the pre-adjudicated kids so there is not a direct connection between the juvenile detention at that level and Pine Hills. Pine Hills is after adjudication and this does not pay for that. It will mean that counties will have to pick up whatever cuts are made in that program when they have those expenses.

**REP. KAUFMANN** asked for clarification of "victims services' money transferred to Justice." **Mr. Oppedahl** said this is the Crime Victim's Compensation Program, which is in the Department of Justice but was within the Board of Crime Control for many years. The 2001 legislature transferred that program and FTE to the Department of Justice and Attorney General's Office for the victim's services.

**REP. LINDEEN** referred to Mr. Oppedahl's remarks concerning a decrease in reimbursement to 35%. "Who picks up the cost of that reduction?" she asked. **Mr. Oppedahl** said, "The responsibility for juvenile detention costs is the county's to the extent that there are General Fund monies within the Board of Crime Control's program that can subsidize that, but where there are not enough state funds, it remains the county's responsibility."

**REP. BUZZAS** asked Mr. Oppedahl if most of the juvenile detention centers are jails or alternatives to jails. **Mr. Oppedahl** said

they look like jails to him. The program reimburses up to 50% for secure detention. There is also a provision within the law that allows 75% reimbursement for alternatives, such as electronic monitoring, etc. The vast majority of money reimbursed by the Board is for secure detention.

**REP. JUNEAU** said, "A lot of the kids are in need of mental health care. How will the cuts impact them?" **Mr. Oppedahl** said, "The cuts that are in this budget for juvenile detention, in a direct way, impact the issue of kids with mental health problems. The federal grants that the Board has, not the General Fund, have some ability to allocate resources to local communities for those kinds of issues and those are not reduced."

### Department of Justice

**REP. FISHER** said the Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety. The duties of the department include:

- 1) providing legal representation for the state and its political subdivisions in the criminal appeals;
- 2) providing legal services and counsel for the state, county and municipal agencies, and their officials;
- 3) enforcing Montana traffic laws and registering of all motor vehicles;
- 4) enforcing state fire safety codes and regulations;
- 5) assisting local law enforcement agencies in bringing offenders to justice;
- 6) managing a statewide system of death investigations and providing scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies;
- 7) maintaining and disseminating criminal justice information to authorize state, local, and other entities; and
- 8) providing uniform regulation of all gambling activities in the state of Montana.

The legislature reduced the Executive Budget by \$5.9 million General Fund and 11 FTE for the biennium. Total funds were decreased by \$100,000 for the biennium. The major changes enacted by the legislature include:

1) Replacing \$6.3 million for the biennium in the Motor Vehicle Division with nonrestricted highways state special revenue. In the August, 2002 special session, a one-time appropriation of \$6.6 million in highways state special revenue was used to replace General Fund in FY 2003. The action of the 2003 legislature continues replacing slightly over \$3 million in General Fund each year with highways state special revenue.

2) The Fire Prevention and Investigation Bureau was eliminated. The legislature moved 2.50 FTE from this bureau to the Investigation Bureau and eliminated the remaining 8 FTE for a biennial General Fund savings of \$853,513. A computer crime unit, with 3 new FTE was approved with funding of \$400,000 General Fund for the biennium. This restructuring results in a biennial General Fund savings of \$453,513 and \$528,553 in total funds.

3) Additional General Fund of \$492,873 was approved for County Attorney payroll costs.

4) A one-time re-appropriation of \$337,090 in General Fund was approved for the Gambling Control Division. This appropriation was based on a reversion of the same amount in FY 2003.

5) 6.0 new FTE and \$691,155 in federal funds requested in the Executive Budget were not approved. The FTE were attached to federal funds that the Department no longer feels would be received.

6) State special revenue authority for debt service was increased by \$500,000 above the executive request.

**REP. KASTEN** asked if the FTE were vacant positions. **REP. FISHER** said the eight FTE were the fire marshals that were eliminated and the other three FTE were put into the Crime Lab.

**REP. MUSGROVE** referred a question to **REP. BOB BERGREN, HD 90, Havre**, "DP 9004, Page D-20 eliminated the fire marshals. How will this impact the state of Montana?" **REP. BERGREN** said, "This has been a big concern. Basically, this is an unfunded mandate to the local jurisdictions. There are over 400 volunteer fire departments and about 17 paid fire departments in the state. This will require the duties of the Fire Marshal's office, such as inspections, fire investigations, and difficult investigations to be handled by the volunteers. The Fire Marshal's office is also in charge of doing inspections on all the schools, state buildings and high hazard areas. They also do work with the underground storage tanks, regulate the petroleum industry, and

regulate some of the mining industry. It will be a huge problem for the volunteers.

**REP. MUSGROVE** asked **REP. FISHER**, "Why was this eliminated?" **REP. FISHER** said it was felt that this department could be best served on a local level and then transfer three employees to the crime unit and use those funds to establish that. It will throw that burden back to the counties."

**REP. KAUFMANN** asked where the Department of Justice stands now in relation to the 2000 rollback. **REP. FISHER** said, "Basically, they are back to what the Executive Budget submitted, but \$99,700 below."

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 29.6}*

**REP. RIPLEY** said **REP. BERGREN** stated the elimination of the fire marshals would be an unfunded mandate on local fire departments. He also mentioned that part of the responsibility of the State Fire Marshal was to inspect schools. Maybe the schools would be inspected on a more regular basis with local fire departments as the Choteau schools were inspected over 30 years ago.

**REP. BUZZAS** referred to the Gambling Control Division. It looks like that money was unspent in FY 2003 and it is being re-appropriated. "How is the automated accounting reporting doing and is it paying off?" she asked. **REP. FISHER** said the automated accounting system was put in during the last session. It has not been fully implemented.

**Larry Fasbender, Deputy Director, Department of Justice**, said the Department takes its role, as far as public safety is concerned, very seriously. They recognize most of the work they do relates to what happens on a local level and spend a lot of time working with local law enforcement, county treasurers, and other county offices.

They have worked extremely hard to find funding that would relieve the General Fund and at the same time keep their operation going. There have been substantial cuts in some places as far as FTE are concerned. There have been switches that have taken place but they feel they can live with the budget that was produced. However, there has been a substantial increase in the amount of computer crime in the state.

**CHAIRMAN LEWIS** said he was under the impression that the department supported taking the money and the positions out of the Fire Marshal's office to create and maintain the computer crime function. **Mr. Fasbender** said they have requested \$400,000

to set up the computer crime unit. As the subcommittee was working through the process it became apparent that the crime unit was not going to get passed. They felt both the Fire Marshal's office and the computer crime unit were extremely important operations within the Department of Justice.

**REP. FRANKLIN** said the concept of local volunteer firefighters doing fire inspecting concerns her because of the level of training and the sophisticated knowledge base. "Will there be community or county liability?" she asked. **Doug Neill, representing the Fire Service Training School, Great Falls,** said it will be a large burden and will put the local volunteer fire departments and municipal fire departments at a high risk of liability. They do not have the qualifications that state Fire Marshals have.

**REP. KASTEN** asked about liability to the state. **Mr. Neill** said there will be a huge liability to the state also. **REP. FISHER** said the volunteers also have to take 30 hours, every year, of certified training to become firefighters, so they are well trained. The subcommittee did not take all of the inspectors away; 2.50 FTE were transferred to another section. They did that to offset the federal funds that were lost to the computer crime unit. The inspections were not that current anyway.

**REP. KAUFMANN** referring to Mr. Fasbender's statement, "His office was required by law to oversee the duties of the state Fire Marshal," asked, "Is there a bill then to remove those duties from his office?" **Mr. Fasbender** said he recognized at the beginning of the session that a lot of the work he has to do that is required by law is not capable of getting done with the staff they have. The bill has been changed through the process and does not relieve them of any responsibility they had before. What this does, as far as the change is concerned, and unless a committee bill is sponsored that suspends the rules to change the liability, is to confirm their responsibility to do those inspections as far as the state is concerned. They just wouldn't have the people to do it.

Training for volunteer fire departments is up to what the volunteer fire department wants to do. There is a training facility under the auspices of MSU in Great Falls, but his agency does not have anything to do with that.

**REP. WITT** asked Mr. Fasbender if his priority is to fund the computer crime unit or the fire marshals. **Mr. Fasbender** said he cannot say that one is more important than the other. Computer crime is escalating very rapidly and they have no way to address that as far as providing those services for concerned local

people. At the same time, if a fire took place in a school and people were killed, there would be no way to put a priority on that.

Exhibit 1 given to Secretary for the record.

**EXHIBIT (aph50a01)**

**REP. SINRUD** referred to Page D-5 and said, "State special revenue authority for debt service was increased by \$500,000 above the executive request." He asked for an explanation. **REP. FISHER** said, "That is a debt service for the new computer system for the Motor Vehicle Division and it goes to the Board of Investments. The expenditure of these funds is allocated on the passage of the bill for a fee increase."

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 29.5}*

In response to **REP. BUZZAS'** concern with an automated data system for gambling machines, **Gene Huntington, Administrator, Gambling Control Division**, said, "It is a major policy decision for this legislature whether to continue to have an automated accounting and reporting system. The system has to have some dependability. There was an analysis done that showed the changes in South Dakota's system and Montana tried to implement it. The video gambling tax has been a robust source of revenue, averaging over 4% a year for a number of years."

**REP. BUZZAS** referred to the \$337,000 in General Fund that has been appropriated by the subcommittee for the automated system, asking, "How will that be spent and what good is it going to do at this time?" **Mr. Huntington** said, "The money in this budget needs to be preserved if you are going to have a system. If you don't have a system, there is no claim on this in General Fund. Unless that money is devoted to a new system, there is no claim on it."

**REP. FISHER** said the \$337,000 was the final payment on the ongoing contract to complete the Automated Accounting and Reporting System (AARS). The events have changed considerably since that time. The legislature is here to take the recommendations of the agencies and act on them. If they think we should have this system, then step forward, tell them why and then stand to the test whether it works or not. Obviously, this does not work.

**REP. KASTEN** asked Mr. Huntington how many machines they purchased for retailers. **Mr. Huntington** said, "If **REP. KASTEN** is referring



to the computers throughout the establishment, they never got that far."

**REP. JUNEAU** asked what the video gaming tax is in Montana and what the collections are. **Mr. Huntington** said, "The tax is 15% of gross machine income. In FY 2002, the collection was \$43.5 million and \$45 million is projected for the next fiscal year. In South Dakota the video gaming tax is 50%."

In response to a question from **REP. JAYNE** concerning SB 128, **Mr. Fasbender** said this bill is an approach the agency recommended to the legislature to deal with the number of background checks they are now doing. They began doing those checks even before September 11 but the need to do background checks for jobs, daycare centers, or nursing homes, is increasing substantially. Legislation has been changing at the federal level that has allowed more individuals and more entities an opportunity to use the background check to verify that people who work in critical positions are qualified.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 29.7}*

**Mr. Fasbender** said they currently charge \$8.00 for a background check whether it is a name-base check or a fingerprint check. In addition to that, the federal costs are involved because it goes through the FBI's national fingerprint system which adds another cost to that. The people who pay for that are either the employers or the applicant applying for the background check in order to show they have the necessary qualifications or have no impediments.

### Public Service Regulation

**REP. FISHER** said the Department of Public Service Regulation (PSR) regulates the public utility and transportation industries. Five commissioners, elected from districts throughout Montana, oversee this program. The budget, as approved by the legislature, was reduced by \$277,000 in state special revenue. This department is totally funded by state special revenue. They eliminated 2.0 FTE, a policy advisor and an attorney position, and reduced the biennial appropriation for consultant and professional services. The Executive requested \$100,000 for consultants and the legislature approved \$55,000 as a restricted biennial appropriation for that purpose.

Note: **REP. FISHER** has since talked to the directors of the Public Service Commission and they are going to offer an amendment to put back the attorney position which is needed because of the increased load.

**Bob Rowe, Chairman, Public Service Commission**, thanked the subcommittee for a good hearing. He gave testimony from Exhibit 2.

**EXHIBIT (aph50a02)**

**Department of Corrections**

**REP. FISHER** said the legislature approved a budget that is \$11.6 million less General Fund than the Executive Budget and \$12.4 million less in total funds. The legislature did not specify allocation of the reductions, except the \$2 million General Fund reduction in the Executive Budget for juvenile placement funds, must be taken elsewhere within the department. This action leaves juvenile placement funds at FY 2002 base levels of \$7.9 million each year.

The budget, as approved by the legislature, is approximately \$800,000 less than the 2002 budget plus state-wide law adjustments, (personal services, vacancy savings, inflation/deflation, fixed costs). Therefore, no increase in caseloads would be funded beyond the FY 2002 base level, even though, historically, caseloads have increased an average of 4.8% each of the last 10 years. If it were assumed that the Executive Budget represents a present law budget, the \$11.6 million in unspecified reductions would be the equivalent of moving 672 inmates from secure facilities and placing them under probation and parole for a year.

The highlights of the budget are:

1) The legislature increased \$4.4 million in General Fund for the 2005 biennium over the base budget.

2) It decreased \$200,000 in other funds for the 2005 biennium over the base budget.

3) Unspecified biennial decrease of \$11.6 million General Fund as compared to the Executive Budget.

4) Proposed legislation to change statute to delay reissue of license plates.

5) Adult populations projected to increase by approximately 3.5% each year of the 2005 biennium, but no funding for increases approved.

Unless the committee is able to locate the funding for the \$11.6 million, which would bring the department up to the Executive

Budget, these are the items that will disappear from the department's activities:

1) \$1.1 million for outside medical and Board of Pardon costs.

2) \$6.7 million increase for annualization of the Warm Springs Addition Treatment and Change program (WATCH - the fourth DUI facility) for probationers and parolees, base and inflation increase for prerelease centers.

3) \$4.3 million net increase for annualization of the costs associated with the Montana Women's Prison expansion.

4) \$200,000 increase for inmate payroll.

5) \$1.5 million net reduction for an increase for annualization of the Pine Hills Youth Correctional Facility expansion costs and a reduction in juvenile placement.

**REP. FISHER** said the department overlooks 9,385 caseloads; 252 of that number are intensive supervision violators. There are 252 inmates in prerelease centers, 2,448 in secure custody at various stages, and 6,104 on parole and pardons.

The Corrections Department is a public safety feature and not like other agencies who can cut a program or budget. This agency should be funded, at least to the Executive level.

**CHAIRMAN LEWIS** said the Corrections' budget can't be left at this level, and the only reason it was rolled back was to hold off on final approval of this budget until they can put some funding alternatives together.

**Bill Slaughter, Director, Department of Corrections**, thanked the subcommittee for a good hearing.

*{Tape: 2; Side: B; Approx. Time Counter: 0 - 29.6}*

**Mr. Slaughter** said Montana steadily grows at about a 5% to 6% rate in the institutions overall. The Executive Budget will support that growth, and it would also place programs that were cut out of regional prisons as they went through the budget cuts last biennium. The budget cuts were presented to the regional prisons, and they cut chemical dependency (CD) counseling, anger management and numerous other programs.

**Joe Williams, Department of Corrections**, explained the statistics Exhibit 3, Page 20.

**EXHIBIT (aph50a03)**

**REPS. FRANKLIN** and **JUNEAU** to Director Slaughter and Mr. Williams for further clarification, explanations and comments.

**EXHIBIT (aph50a04)**

*{Tape: 3; Side: A; Approx. Time Counter: 0 - 29.6}*

In answer to a question from **REP. WITT** concerning the \$11.6 million decrease, Director Slaughter said that amount would have covered the growth that is expected, put back programs in regional prisons where those people can be better managed but more importantly, deal with the root causes why they are there.

**REPS. HEDGES, KASTEN, CALLAHAN** and **FRANKLIN** addressed Director Slaughter with concerns and asked for further explanations concerning health issues and those costs.

*{Tape: 3; Side: B; Approx. Time Counter: 0 - 29.6}*

**REPS. FRANKLIN, BUZZAS, JAYNE** and **RIPLEY** discussed with Director Slaughter the costs of incarceration and suggested that policy changes may be needed.

*{Tape: 4; Side: A; Approx. Time Counter: 0 - 29.8}*

**REP. FRANKLIN** said there may be people making health care decisions that don't have enough background to do that. There is a very straightforward and available blood test for Hepatitis C. **Director Slaughter** said he would work with **REP. FRANKLIN** on this issue.

**CHAIRMAN LEWIS** said one of the items on the list is to cut \$3.575 million in General Fund by delaying requirement for new license plates. **Director Slaughter** said SB 118 does require a delay because they are on a cycle and felt that could save money. That money has been taken out of the budget.

**CHAIRMAN LEWIS** announced the hearing will adjourn at 11:55 a.m. and reconvene at 2:30 p.m.

**Labor and Industry**

**REP. FISHER** said the legislature made the following major changes:

1) Did not accept a proposal to fund the Youth Challenge Program in Military Affairs with Employment Security Account

(ESA) funding, and subsequently did not accept the Executive proposal to replace \$2.2 million in ESA funding over the biennium with federal Reed Act funding.

2) Replaced approximately \$1.2 million in ESA funding over the biennium with federal Reed Act funding, and subsequently replaced approximately \$1.2 million in General Fund over the biennium with ESA funding. All or a portion of the General Fund was replaced in the Displaced Homemaker Program, Jobs for Montana's Graduates program, Hearings Bureau, Human Rights Bureau, and Office of Community Service.

3) Did not accept two General Fund decision packages (\$136,670 General Fund increase over biennium).

4) Eliminated funding for the Job Registry Program and education-offset grants within the Apprenticeship and Training Program (\$280,000 General Fund reduction over the biennium).

**Wendy Keating, Commissioner, Department of Labor and Industry,** thanked the subcommittee for a good hearing and will answer any questions.

**REP. MUSGROVE** asked Ms. Keating how the unemployment statistics are put together and how they are reported. **Ms. Keating** said the unemployment statistics are important through their Research and Analysis Bureau. Basically, the unemployment statistics are gathered through household surveys and do not necessarily reflect the number of people on unemployment. They will reflect the number of people who are over the age of 16 who are available, able and seeking work. They do an annual report that is a breakout based on percentages for the Indian Reservations.

**REP. KASTEN** referred Ms. Keating to Page D-59 of the Narrative, Exhibit 1, 3/7/03, DP18, the Natural Resource Worker Scholarship Program. **Ms. Keating** said the scholarship program actually comes from the Resource Indemnity Fund and the funds have to reach a certain level before money can be spent on those scholarships.

**CHAIRMAN LEWIS** said, "The subcommittee made the decision to fund the Challenge Program out of the General Fund. The reason for that is they felt the Department needed the Employment Security Account (ESA) money and the Reed Act money they had in their budget in order to upgrade the unemployment insurance system and make the changes that were going to be required to make sure that system kept working in the future. What can we expect to see?"

**Ms. Keating** said, "One of the reasons that we obtained some federal funds earlier in FY 2002 was because, nationally, the

unemployment insurance and the employment service systems were starting to collapse as a result of many years of inadequate federal administrative funding. The states were allocated special distribution of money out of the Federal Employment Tax Act and Montana then received money that can only be spent on three different things:

1) to pay benefits, although the trust fund is healthy and doesn't need funds put in to pay benefits.

2) it can be used for the administration of the Unemployment Insurance Program and

3) the Employment Insurance Program.

The plan is to upgrade the Unemployment Insurance System. One of the things they are facing is a very unacceptable level of service to Unemployment Insurance claimants. Many claimants have to wait up to eight weeks before they get their first check. The fraud and abuse system is going unchecked because they have no resources to deal with that. They are not in federal compliance with some of their reports so they want to upgrade the Unemployment Insurance System (UI) in order to meet the federal performance requirements.

In addition we have some needs in the Employment Service and Unemployment Insurance Automation Systems and they are also looking at whether any of the Reed Act (federal) money could be used for the replacement, if they do the replacement, of the POINT system for the UI tax collection."

**REP. KAUFMANN** asked about the Job Registry Program that is being eliminated. **Ms. Keating** said the Job Registry Program is part of the Employment Protection Act and it is a program that allows state employees who are terminated through a reduction in funds to access state openings as a first priority. The Job Registry was meant to provide re-training for state employees who may need to be re-trained in order to get other state jobs.

**REP. FISHER** said the subcommittee looked at this program after the Department prioritized their programs and then ranked them. The Job Registry Program had a low priority.

In response to a question from **REP. FRANKLIN** regarding terminated employees, **CHAIRMAN LEWIS** said there was no absolute preference for people. If everything was equal, they were given consideration. Most people didn't rely on the program, but basically went through the Job Service process. It was more complete as far as accessing all of the available jobs.

**REP. LINDEEN** asked Ms. Keating how many FTE were eliminated with the current cuts in the budget and if the Department will need to have FTE to deal with the POINT system. **Ms. Keating** said, "There were no FTE eliminated; and yes, they will need FTE to deal with the POINT system if it is replaced."

### Department of Military Affairs

The Department of Military Affairs oversees activities of the Air and Army National Guard, Disaster and Emergency Services as well as the Veterans' Board.

The legislative budget is \$301,476 total funds lower than the Executive Budget, although General Fund increased \$1.9 million over the biennium. Major changes made by the legislature include:

1) Funded the Youth Challenge Program with general fund instead of Employment Security Account (ESA) state special revenue as proposed by the Governor.

2) Applied unspecified General Fund reductions to the Centralized Services, Disaster and Emergency Services, and Veterans' Affairs Division.

Agency highlights are:

1) Funding for the Youth Challenge Program is continued. This program was funded as one-time-only by the 2001 legislature and is not included in the base. Funding is from the General Fund, which is a change from the executive proposal to fund the state match portion with Employment Security Account state special revenue funding.

2) Funding for the National Guard Youth Scholarship program is not continued.

3) Increased grant funding within the Disaster and Emergency Services Division.

4) 2.0 FTE are eliminated in Disaster and Emergency Services Division and Veterans' Affairs Division.

The legislature applied unspecified General Fund reductions to the following programs:

1) Centralized Services (\$125,650 over the biennium)

2) Disaster and Emergency Services (\$89,637 over the biennium)

3)Veterans' Affairs Division (\$86,189 over the biennium)

The subcommittee did fully fund the National Guard and the Air Guard up to their requested amount.

**Brigadier General Randy Mosley, Deputy Director, Department of Military Affairs and Assistant Adjutant General for Montana Army National Guard**, thanked the subcommittee for the consideration they gave them during the hearing. **General Mosley** referred to Page D-74 of the Narrative, Exhibit 1, 3/07/03, and said the Department is deeply concerned about the effects that the unspecified General Fund reductions to Centralized Services, Disaster and Emergency Services and Veterans' Affairs will have on the Agency because of the nature of cuts they have already taken during the FY 2003 budget reductions. Basically, they will have to make future reductions in personnel.

*{Tape: 4; Side: B; Approx. Time Counter: 0 - 29.4}*

**REP. CALLAHAN** referred to the cuts to Centralized Services and said that work could be picked up elsewhere and productivity would not suffer. **General Mosley** said Centralized Services' budget was reduced about \$63,000 for FY 2004 and \$62,000 for FY 2005. About 93% of Central Services' budget is personnel services; 3% of their entire budget is fixed cost, which means about 96% of the Centralized Services Division budget is non-discretionary. The remaining 4% is an amount that covers travel, training, and supplies and materials. There aren't anymore personnel in Centralized Services available to pick up the budget and accounting workload.

**REP. CALLAHAN** asked about the scholarship program that has been eliminated and the impacts of that. **General Mosley** said the National Guard Youth Scholarship Program is a program they use that is the most critical component of their recruiting and retention program for the Montana Army and Air National Guard. He passed out and explained Exhibit 5, "Information Paper," on the scholarship program. **Lt. Col. DeWolf, Deputy DCSPER Personnel**, supervises the program and said all funds for both bienniums are encumbered or spent so there are no remaining funds.

**EXHIBIT (aph50a05)**

**REP. WITT** asked for more background on the students. **Lt. Col. DeWolf** said the students are typically first-term soldiers. They can have up to 14 years in the service. They represent a cross section of the entire state of Montana so it is not specific to any one city.



**REP. WITT** asked **Roger Hagan**, representing the **Officer and Enlisted Association of the Montana National Guard**, why the legislature should fund this program. **Mr. Hagan** said he has been involved through the Association and has had the opportunity to work with Military Affairs since 1995. They recognize the need for a recruiting and retention benefit that would help them keep their edge to recruit National Guard members in the state of Montana so they could do the national defense mission, protect the state, and respond to emergencies within the state borders. In 1999 they received a \$250,000 biennial appropriation to start the program.

**REP. JUNEAU** referred a question to Col. DeWolf, asking, "Do students that receive this money from the scholarship program have to demonstrate a financial need as other college students do?" **Col. DeWolf** said they need to apply to an accredited learning institution and they do not have to demonstrate a financial need. They do have to show proof of good standing and a completion of their grades when they are done. **General Mosley** said this program is open to any first-term guard who remains in good standing with the National Guard.

**REP. SINRUD** asked about the high cost of the Youth Challenge Program in Dillon. **Mike Royer, Director, Youth Challenge Program**, said the cost is factored in on a federal formula once the program is established. While the youth are in residence, part of the program is designed to help them in a post-residential transition, to assist them in looking at careers, vocational, college, military or whatever it might be. They are to go on to do something productive.

**REP. FISHER** said the youth come to the program for help. The average cost per student is about \$6,441 per student. The Youth Challenge program carries its own weight and actually saves the state money. Of that \$2.8 million that is generated for this program, about \$600,000 a year, or \$1.2 million for a biennium, goes back into Western University in the form of rent and other items the program generates.

**REP. BUZZAS** asked, "Have the kids been adjudicated when they come to the program?" **Mr. Royer** said, "No, they are not allowed to deal with adjudicated kids."

**{Tape: 5; Side: A; Approx. Time Counter: 0 - 29.6}**

In response to a question from **REP. BUZZAS**, **Mr. Royer** said on an average, they have an 80% success rate with the youth that graduate who get a GED.

**REP. KASTEN** asked if the federal-to-state match for this program could be changed to 75/25. **Mr. Royer** said there is legislation pending, and the National Guard is working hard to change it. At present the funding split is to remain 60/40, federal-to-state.

**REPS. JUNEAU, KAUFMANN, JAYNE** and **BUZZAS** voiced their comments and concerns. **CHAIRMAN LEWIS** said it is extraordinary that an extremely successful program like this continues to take this level of criticism. He then apologized for his frustration.

*{Tape: 5; Side: B; Approx. Time Counter: 0 - 29.4}*

In response to a question from **REP. BUZZAS, Todd Younkin, Legislative Fiscal Division**, said he contacted the National Guard Bureau and asked them what options the state has in reducing the program. He asked if they could reduce the number of targeted students they have or reduce the state match? The answer they gave back was, "They would not support reducing the number of students. One hundred per class is the minimum for the program." However, they did say that if the legislature chose to reduce the state match portion, they would hold back a like amount of federal funds.

**REP. WITT** said, "This is a program the committee can support and should support."

**CHAIRMAN LEWIS** said he had doubts when the program started but over the last few years, has had eight or nine kids from his district go through this program. They were kids who were seriously at risk and 100% of the ones who went from here have done very well. He suspects there is some antagonism toward the program because it is linked to the military.

At the conclusion of Section D, Corrections and Public Safety, the following amendments were offered.

Motion: **REP. FISHER** moved that HB 2 BE AMENDED (Exhibit 6).

**EXHIBIT** (aph50a06)

Discussion:

**REP. FISHER** said this amendment will restore the attorney position in the Public Service Commission because of the increased load. The Public Service Commission is funded entirely by special revenue funds which are derived by the people they supervise.

**Vote:** Motion carried unanimously 19-0 on a voice vote.

**Motion:** REP. FISHER moved that HB 2 BE AMENDED (Exhibit 7).

**EXHIBIT** (aph50a07)

**Discussion:**

**REP. FISHER** said this amendment will obtain additional funding for the Corrections Department.

**REP. WITT** handed out and explained Exhibit 8. **Alec Hansen, representing Cities and Towns**, said HB 124 actually earned the state \$15 million the first biennium that the program was in effect beginning July 1, 2001. He explained Exhibit 8 and the effects it would have on small towns. This is a statutory appropriation and would require another bill. He asked the committee to resist this amendment.

**EXHIBIT** (aph50a08)

In response to a question from **REP. SINRUD**, **Mr. Hansen** said the original idea was to tie the reimbursement to the percentage in the General Fund. If the General Fund increased 5%, then the reimbursements would increase 5%. The percentage for cities is 70% of the four-year average, and for counties it is 54%.

**{Tape: 6; Side: A; Approx. Time Counter: 0 - 30.4}**

**Mr. Hansen** said the problem they are dealing with is the formula because it is a four-year average. There are some high-growth years still in the formula. In two years, those high-growth years will be gone and the cost for this program for the state will go down.

**REP. KASTEN** said that in HB 124 they have made a commitment that they would do this backfilling to the counties. **Mr. Hansen** said there was a commitment on both sides.

**REP. BUZZAS** referred to HB 124 and said, "This is the first true test of are we willing to stand by our word in building that agreement with the counties which was done in good faith? This underscores that intention."

**REP. RIPLEY** also agreed that HB 124 was very complicated, but it was built on trust and respect.

**REP. KASTEN** said **REP. FISHER** is looking at a way to fund a situation that is in dire need and he respects that, but can't support the amendment.

**REP. FISHER** withdrew his amendment, HB000203.alt, (Exhibit 7)

**Motion:** **REP. KASTEN** moved that **HB 2 BE AMENDED (Exhibit 9)**.

**EXHIBIT** (aph50a09)

**Discussion:**

**REP. KASTEN** explained this amendment which would eliminate \$337,090 General Fund biennial appropriation for Automated Accounting and Reporting System (AARS), and move it to the Department of Military Affairs to fund the National Guard Scholarship Program.

**REPS. BUZZAS** and **KAUFMANN** spoke against the amendment.

In response to a question from **REP. WITT**, **Mr. Huntington** said they need to go forward now and need money to pay for it. There are only 4,000 machines that could ever be converted. If they allow those machines to be replaced with new machines, there will be no direction.

**REP. HAINES** directed a question to Mr. Huntington asking, "Specifically, if we don't take this \$337,090, what will you do with it?" **Mr. Huntington** said he submitted a proposal to the subcommittee on what it would take to build the system. Within that proposal was all the money in this next biennium and the past biennium that hasn't been spent, that was committed in 1999. There is \$1 million and without that \$1 million they can't move forward. The \$337,090 is part of that \$1 million.

**Vote:** The motion carried 13-6 with **REPS. LEWIS, BUZZAS, JUNEAU, KAUFMANN, MUSGROVE** and **WITT** voting no on a roll call vote. (Exhibit 9)

**Motion:** **REP. PATTISON** moved that **HB 2 BE AMENDED (Exhibit 10)**

**EXHIBIT** (aph50a10)

**Discussion:**

**REP. PATTISON** explained this amendment which will help fund money for Corrections, and so vacant FTE positions in the Department of Justice were dedicated to Corrections.

**REP. BUZZAS** referred a question to Mr. Fasbender, Department of Justice. **Mr. Fasbender** said the amount of money that is being taken out altogether is about \$415,000 a year for these positions. About seven of those positions are not General Fund money. The rest of that money comes out of State Special, Proprietary or other funds. The largest impact is on the Gambling Control Division.

*{Tape: 6; Side: B; Approx. Time Counter: 0 - 28.3}*

**REP. HAINES** addressed Mr. Fasbender about the three positions in the Motor Vehicle Department, asking, "Are efforts with the 577 titling project helping so those positions are not needed?" **Mr. Fasbender** said they have already cut 9.45 positions out of Motor Vehicles as a result of 577 titling. This would be in addition to that. They are not in a position, at this point, to continue to make those cuts.

**REPS. KAUFMANN** and **BUZZAS** spoke against the amendment.

**CHAIRMAN LEWIS** said, "Effectively what happens with the non-General Fund positions is that the amendment would take away the spending authority but the Department still has the cash. If they want to, they can fill those positions. The only effect is they aren't in the base." **Mr. Fasbender** said, "That is true, but this is money they have made the legislature aware of and if they go back in and ask for a budget amendment, it is my understanding, that the legislature is supposed to be apprised of that in advance and not supposed to grant those positions under those circumstances."

**Vote:** Motion carried 11-8 with **REPS. BUZZAS, CALLAHAN, FRANKLIN, HAINES, JUNEAU, KAUFMANN, LINDEEN** and **MUSGROVE** voting no on a roll call vote. (Exhibit 10).

**Conceptual Motion:** **REP. WITT** moved that **HB 2 BE AMENDED to TAKE THE \$225,465 OF THE GENERAL FUND AND LEAVE THE OTHER SSR, FEDERAL AND PROPRIETARY FUNDS IN THAT ACCOUNT AND USE THOSE GENERAL FUND MONIES IN THE NEXT SECTION E, STUDENTS' ASSISTANCE PROGRAM OF THE COMMISSIONER OF HIGHER EDUCATION.**

**Discussion:**

**REP. HAINES** asked for clarification. **CHAIRMAN LEWIS** said the \$225,465 was taken for Corrections so the conceptual amendment would be to give Mr. Fasbender back the spending authority to the non-General Fund, take the money out of the Department of Corrections and put it into the Commissioner of Higher Education.

**REPS. FRANKLIN, HEDGES, RIPLEY, WITT, and HAINES** asked for further explanations and clarification.

**Vote:** Conceptual Motion carried 12-7 with **REPS. LEWIS, CLARK, BRUEGGEMAN, FISHER, KASTEN, PATTISON** and **SINRUD** voting no on a roll call vote.

**Motion:** **REP. SINRUD** moved that **HB 2 BE AMENDED (Exhibit 11)**.

**EXHIBIT** (aph50a11)

**Discussion:**

**REP. SINRUD** said this amendment reduces funding for county attorney pay increases in the County Attorney Payroll Program for \$492,873 General Fund for the biennium and moves that money into the Fire Prevention and Investigation Bureau.

**REP. CALLAHAN** asked for further explanation of county attorney's funding. **REP. SINRUD** said the county attorney's funding is funded 50% out of the General Fund and the Executive Budget reduced that down \$492,000, and then the subcommittee put it back up to that specific amount with a 4% increase. This is a health and safety issue for the fire marshals. It does not fund fully, as they are still \$350,000 short.

Under the current law, they are required to fund 50% of the salaries of the county attorneys or whatever is appropriated.

**REPS. BUZZAS, JUNEAU, JAYNE, and CALLAHAN** voiced their concerns.

*{Tape: 7; Side: A; Approx. Time Counter: 0 - 28.9}*

**REP. FISHER** said the 57th Legislature changed the statute: "The County Compensation Boards can set the salaries annually." They have no control over what the salaries are going to be.

**REP. LINDEEN** spoke against the motion and **REPS. KASTEN** and **CHAIRMAN LEWIS** spoke in favor of the amendment.

**Vote:** Motion carried 11-8 with **REPS. BUZZAS, CALLAHAN, FRANKLIN, JUNEAU, KAUFMANN, LINDEEN** and **MUSGROVE** voting no on a roll call vote. (Exhibit 11)

In response to a point of personal privilege raised by **REP. MUSGROVE**, **REP. SINRUD** said, "The judges gave raises to their staff as well as the counties raising their staff prior to the assumption, so there is a discrepancy within. Once the raises

were initiated, then they were put back on to the state pay plan and got an additional raise. The one thing the counties did not clarify was the amount of unfunded mandates required by compensation, personal leave, or sick time."

**Motion/Vote:** REP. FISHER moved that Section D of HB 2 BE CLOSED.  
**Motion carried unanimously on a voice vote.**

### Section E

#### Education

#### Office of Public Instruction

**REP. DON HEDGES, Chairperson, Subcommittee on Education,** said the Office of Public Instruction, Pages E-1 and E-2 Administration, ended up at the Executive level. The Distribution Funds are \$5 million over the \$24.7 million that was allocated.

**Linda McCullogh, Superintendent of Public Instruction, (OPI),** thanked the subcommittee for examining the education issues budget in detail.

There are 150,000 students in Montana, 12,047 certified staff, 441 school districts and 870 public schools. The subcommittee funded \$500,000 for statewide student assessment over the biennium. This appropriation will allow OPI to fund a contract for the annual assessment of students in grades 4, 8 and 11 as required by the Board of Public Education and the Elementary and Secondary Act of 1994.

The K-12 education agency, OPI, is already sustaining a General Fund budget reduction for the current biennium that is \$1.1 million less than it was for the previous biennium due to the cuts made last legislative session; the Governor's 3.5% reduction and the special session cuts. The \$800,000 biennial target expenditure reductions from this legislative session will reduce the agency's FY 2004 and FY 2005 biennial budget. Their budget is just over \$4 million per year.

Montana will be receiving additional federal funds for the K-12 public education system. However, President Bush's "No Child Left Behind" act has very specific requirements. To perform the state activities that are not federally required, Montana may not use federal money.

**{Tape: 7; Side: B; Approx. Time Counter: 0 - 28.9}**

**REPS. KAUFMANN, KASTEN, FRANKLIN, PATTISON, and WITT**, deferred to Superintendent McCulloch for further explanation.

**CHAIRMAN LEWIS** said he has an amendment to offer to increase the federal money from \$104 million to \$114 million the first year and \$109 million to \$125 million the second year, so there is another \$126 million to come through. **Superintendent McCulloch** said that just came through from the U.S. Department of Education which explains that they get information daily, such as the notice about the projected money. There is a total of \$240 million for the biennium. That money goes right to the school districts for their specific purposes, not to the agency.

**REPS. FISHER, HEDGES, and WITT** deferred to Ms. McCulloch and Jim Standaert, Legislative Fiscal Division for explanations. **Amy Carlson, Governor's Budget Office**, explained the items on Page E-1 of the Narrative below Executive Budget Comparison; each one is essentially self-funding. They take HB 124 block grants and convert them into a mechanism of school funding. For example, the district transportation block grant amount is being reduced through HB 124, and transportation funding is being increased, resulting in a net zero to the General Fund. Those expenditures are just offsetting each other. The \$5 million increase is essentially because the subcommittee adopted present law.

*{Tape: 8; Side: A; Approx. Time Counter: 0 - 29.4}*

#### Board of Public Education

**REP. HEDGES** said the net result of the subcommittee action was to increase the state School Board funding by \$13, 045. Constitutionally, the Board is required to meet four times a year and with this funding, they can get that job done.

**Steve Meloy, Executive Secretary, Board of Public Education**, said the Board is appreciative of the subcommittee restoring \$14,000, which is better than what the Governor had recommended. It brings them to a FY 2002 adjusted base. The \$7,000 negative adjustments to the Board will cause them to be very judicious how they operate and how they spend their money. The base was deficient in money for litigation because they didn't spend much in litigation the first year. He referred the committee to Page E-17.

**REPS. FRANKLIN, KASTEN, SINRUD, BUZZAS, CHAIRMAN LEWIS and WITT** addressed **Mr. Meloy** and **Nancy Coopersmith, OPI**, for information and explanations.



**School for The Deaf & Blind**

**REP. HEDGES** referred to Page E-21, saying the actions of the subcommittee were to bring the amount for FY 2004, \$3,533,000 up to \$3,971,000 and for FY 2005, \$3,517,000 up to \$3,955,000 for a total increase of \$37,000 for the biennium over that requested by the Governor's Executive Budget.

**Steve Gettel, Superintendent, Montana School for the Deaf and Blind, Great Falls**, thanked the subcommittee for the school's budget consideration and will be available for questions.

**REP. FRANKLIN** asked Mr. Gettel if he has been exempted from vacancy savings in the past. **Mr. Gettel** said he has had some reprieve on vacancy savings in certain programs. **Bill Sykes, Business Manager**, said, "During the regular 2001 session, the legislature assessed 4% against their administration program, 4% against the maintenance program (general services), and 2% against education and student services program. The student services program is a 24/7 operation and they don't generate the vacancy savings. **CHAIRMAN LEWIS** pointed out they do have access to the Governor's contingency pool. **Mr. Sykes** said, "Yes, in FY 2001 they requested \$110,000 because they had a large group of people who retired with termination payoffs. Last year was \$59,000."

**REP. KAUFMANN** asked Mr. Sykes how he will make up the \$260,000 below federal law. **Mr. Sykes** said they prepared a list of reductions for the Governor; she gave them flexibility as long as they can stay within the budget.

**Montana Arts Council**

**REP. HEDGES** referred the committee to Page E-27 of the Narrative. The FY 2004 Executive Budget was set at \$300,000. The rollback brought it to \$280,000. The FY 2004 total funds are \$1.037 million and FY 2005 are \$1.032 million which is \$40,640 less than the Executive proposed budget, or a 1.9% decrease.

**Arlynn Fishbaugh, Director, Montana Arts Council**, thanked the subcommittee for a good hearing and for recognizing the importance of the arts in Montana. She and her accountant are available to answer questions.

**{Tape: 8; Side: B; Approx. Time Counter: 0 - 29}**

**Library Commission**

**REP. HEDGES** said that the Library Commission provides assistance and advice to all tax-supported libraries and local governments wishing to establish or improve libraries. The Library Commission administers state and federal library funding, operates and maintains the State Library and Natural Resources Information System, oversees the six library federations, and develops library oriented statewide long-range planning, policy, and service coordination. The subcommittee approved a General Fund budget for FY 2004, \$1.895 million and FY 2005 \$1.597 million, Page E-30.

**REP. FISHER** asked **REP. HEDGES** how much was taken below the Governor's budget for this agency. **REP. HEDGES** said \$339,739 in General Fund then they added back \$160,000, for a net of \$179,739 decrease for the biennium.

**Karen Strege, Director, State Library**, thanked the subcommittee for the good hearing. She referred to the \$180,000 and if they don't get that back, one more FTE will have to be reduced. She and her accountant will answer any questions.

**REPS. FRANKLIN, BUZZAS, PATTISON, and KAUFMANN** addressed Ms. Strege for explanations of programs and funding. **Ms. Strege** said the language for coal tax money to the State Library is narrowly drawn. It cannot be used for FTE at the state library. It can only be used for federation projects, so that will not help them with their operations at the State Library. **Kris Schmitz, Accountant, State Library**, said the coal tax money would be used to fund the federations of \$97,000 if HB 177 doesn't pass, which is in the current budget. It would also fund some coal severance tax material budget of about \$54,000, which is included in the base budget. The General Fund budget will still be down by \$340,000.

**Historical Society**

**REP. HEDGES** said the subcommittee adopted the proposed Executive Budget and the total General Fund money of \$1.751 million in FY 2004 and \$1.737 million in FY 2005 for a total of \$3.922 million. The total funds decreased were about \$36,000. (Refer to Page E-37).

**Arnie Olsen, Director, Montana Historical Society**, thanked the subcommittee for their unanimous action in helping them get back to the Governor's Executive Budget level. The Historical Society faces an increased demand on the services they offer. Federal funds have been cut since September 11.

**REPS. KAUFMANN, KASTEN** and **WITT** voiced their concerns.

**Commissioner of Higher Education**

**REP. HEDGES** said this agency is \$5,743,833 below the Executive level. That \$5 million is 2% less than the Executive requested. The legislature adopted a budget for the Montana University System that contains \$5.7 million less General Fund than proposed in the 2005 biennium Executive Budget. The General Fund difference is the legislature-added \$100,000 each year of the 2005 biennium to the Extension Service. This will fund extension agent positions in five counties left vacant due to August 2002 Special Session reductions, and add extension agent services in Wheatland County. They added \$8,442 annually to the Forestry and Conservation Experiment Station, \$17,181 annually to the Bureau of Mines, and \$2,228 annually to the Fire Services Training School to restore the 2005 biennium budget to the fiscal 2002 actual base amount. The total amount restored equals \$55,702 for the 2005 biennium. Decreased state support is proposed by the Executive for the education units by \$6 million in unspecified reductions.

**{Tape: 9; Side: A; Approx. Time Counter: 0 - 29}**

**Commissioner Krause** said the University System is operating on less General Fund than they were ten years ago. The University System has about 33,000 students; approximately 26,500 are resident and the rest are nonresident. They are charging the nonresidents about 125% of their actual cost. They are educating students for about \$7,500, which is low, so it requires the University System to be very efficient in order to accomplish that. He asked that the \$5.7 million be restored to the University System.

In response to **REP. BUZZAS'** question concerning amendments, **Commissioner Krause** said if there is some reason for the cuts, he would like to discuss that with the Committee. He hopes there is a legitimate reason for them. The impact is: more cuts, more tuition.

**REP. BUZZAS** asked Will Hammerquist how these cuts will impact him, from a student's perspective. **Mr. Hammerquist, Associated Students, MSU**, said, "How can you make college affordable with the cost increases?" He hopes a balance can be struck where higher education can be accessible to the public. "The cuts are disproportionate to any income affordability by students."

**REP. KASTEN** asked Mr. Hammerquist for a breakdown on tuition, living expense and books. **Mr. Hammerquist** said that for 2003,

the fee for Montana State University, Bozeman, is \$3,807. Of that, \$3,000 is for the tuition portion. Of the \$807 are library fees, computer lab fees and misc. The total cost for attendance per year is \$10,285 and that includes room and board for students living on campus.

**REPS. WITT** and **FRANKLIN** referred to **Rod Sumdsted, Fiscal Affairs, Montana University System**, for further information. **Mr. Sumdsted** said 14% of Montana students come from family incomes below \$13,000 and 39% of Montana students have family incomes below \$24,000. The average cost per year is actually \$12,000, including books.

**REP. SINRUD** asked, "What is the cost per credit per semester?" **Mr. Sumdsted** said it is about \$100 per semester credit on the average.

*{Tape: 9; Side: B; Approx. Time Counter: 0 - 29}*

**REP. BUZZAS** said, "We are limiting access to our Montana students to achieve a higher education. The higher the tuition is raised, basic opportunities will be eliminated in reference to low-income students." **REP. BUZZAS** then asked, "What is the percentage of Montana students who are getting financial aid to go to school?" **Mr. Sumdsted** said 60% of Montana students apply for financial aid, 50% receive a loan and the average annual loan amount is about \$5,300. He said that 33% of Montana students are eligible for the Montana Higher Education Grant, which averages about \$2300, 2% of the students receive Work Study which is about \$853, and 10% of the students receive a Baker Grant for an average of \$557.

**REPS. JUNEAU, SINRUD, HAINES, CHAIRMAN LEWIS**, and **WITT** spoke of personal issues regarding higher education.

**REP. LINDEEN** asked for further clarification of the Agriculture Experiment Station budget. **Pam Joehler, Legislative Fiscal Division**, said the budget that was set and approved by the subcommittee for the Ag Experiment Station was the Executive Budget recommendation, including the additional \$200,000 per year. It was authorized by the last legislature and reaffirmed by the subcommittee for the Biobased Institute. The Executive Budget did include continuation of the special session reductions from August and also included an additional reduction to meet the Governor's target.

At the conclusion of Section E, Education, the following amendments were offered:

Motion/Vote: REP. LEWIS moved that HB 2 BE AMENDED (Exhibit 12). Motion carried unanimously 19-0 on a voice vote.

**EXHIBIT**(aph50a12)

Motion/Vote: REP. LEWIS moved that HB 2 BE AMENDED (Exhibit 13). Motion carried unanimously 19-0 on a voice vote.

**EXHIBIT**(aph50a13)

Motion: REP. WITT moved that HB 2 BE AMENDED (Exhibit 14).

**EXHIBIT**(aph50a14)

Discussion:

REP. WITT explained the amendments in Exhibit 14.

*{Tape: 10; Side: A; Approx. Time Counter: 0 - 29}*

Substitute Motion/Vote: REP. PATTISON made a substitute motion that HB 2 BE AMENDED to segregate Item #1. Motion carried unanimously 19-0 on a voice vote.

Motion: REP. WITT moved that HB 2 BE AMENDED, (Sections 2,3,4 of Exhibit 14).

Discussion:

Pam Joehler, Legislative Fiscal Division, said that the way this amendment has been drafted, the reductions are being made in a lump sum, and a portion of that is being allocated to the Student Assistance Program, which is still in a lump sum. The portion being allocated to the Dental Hygiene Program is being established in a line-item appropriation outside of the lump sum appropriation, and is being restricted by annual appropriation. By language in HB 2 and the boilerplate at the front of the bill, restricted appropriation can only be used for the purpose of the appropriation, in this case, the Dental Hygiene Program at the College of Technology in Great Falls.

**Substitute Motion:** REP. KAUFMANN made a substitute motion that the AMENDMENT ITEMS 2,3 AND 4 BE TABLED. Motion failed 7-12 with REPS. BUZZAS, FISHER, JAYNE, JUNEAU, KAUFMANN, LINDEEN and MUSGROVE voting yes on a roll call vote.

**Ms. Joehler** said the reason for the lower amount of the original request was because there was a certain amount that was going to be included in present law, \$119,600 a year, which is a first year cost and it is a two-year program.

**Vote:** Motion to amend (Items 2,3,4 of Exhibit 14) carried 11-8, with REPS. BUZZAS, FISHER, JAYNE, JUNEAU, KAUFMANN, MUSGROVE, PATTISON AND SINRUD voting no on a roll call vote.

**Motion/Vote:** REP. HEDGES moved that HB 2 BE AMENDED Exhibit 15). Motion carried 18-1 with REP. BUZZAS voting no on a voice vote.

**EXHIBIT**(aph50a15)

**Conceptual Motion/Vote:** REP. SINRUD moved that HB 2 BE AMENDED, TO REMOVE ITEM #4 (Exhibit 14 HB000209.apj). Motion failed 7-12 with REPS. BUZZAS, JAYNE, KASTEN, MUSGROVE, PATTISON, RIPLEY and SINRUD voting yes on a roll call vote.

**Conceptual Motion/Vote:** REP. HAINES moved that HB 2 BE AMENDED to add \$5.2 million General Fund to the University System, lump sum appropriation and reduce OPI \$5.2 Million, General Fund. Motion failed 1-18 with REP. HAINES voting yes on a roll call vote.

*{Tape: 10; Side: B; Approx. Time Counter: 0 - 28.9}*

**Motion:** REP. BRUEGGEMAN moved to open Section A of HB 2 to offer amendment (Exhibit 16).

**EXHIBIT**(aph50a16)

**Discussion:**

**REP. BRUEGGEMAN** said this amendment was discussed in the General Government subcommittee because it was agreed that the Consensus Council would operate better under the University System.

**REP. LINDEEN** said the reason they want to move the Consensus Council elsewhere is because the Governor's office intended to cut. In order to keep the Consensus Council alive, a new "home" is needed.

**REP. BUZZAS** said the way she reads the amendment, the money would not follow. **CHAIRMAN LEWIS** said it is a line-item so they take the money with them.

**REP. FISHER** asked what the Montana University System has in common with the Consensus Council. If this is placed under the University System, then it is out of reach of the Governor. **REP. BRUEGGEMAN** said it is not a partisan organization anymore because it is attached to the Governor's Office; that is one of the reasons for moving it out of there. They want to get rid of the political perception. The Consensus Council's typical work is to find some middle ground between two different sides of an issue.

**REPS. HEDGES, JUNEAU, KASTEN, FRANKLIN, HAINES, WITT, LINDEEN,** and **KAUFMANN** asked for further explanation and voiced their concerns.

**REP. BRUEGGEMAN** withdrew his motion to amend (Exhibit 16).

Motion/Vote: **REP. HEDGES** moved to close Section E of HB 2. Motion carried unanimously 19-0 on a voice vote.

*{Tape: 11; Side: A; Approx. Time Counter: 0 - 24.1}*

**ADJOURNMENT**

Adjournment: 10:00 P.M.

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REP. DAVE LEWIS, Chairman

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MARY LOU SCHMITZ, Secretary

DL/MS

**EXHIBIT** (aph50aad)